

EXPLANATORY MEMORANDUM TO

(1) THE MOTOR VEHICLES (TESTS) (AMENDMENT) REGULATIONS 2014

2014 No. 2114

(2) THE GOODS VEHICLES (PLATING AND TESTING) (AMENDMENT) REGULATIONS 2014

2014 No. 2115

(3) THE ROAD VEHICLES (REGISTRATION AND LICENSING) (AMENDMENT) REGULATIONS 2014

2014 No. 2116

(4) THE INTERNATIONAL CARRIAGE OF DANGEROUS GOODS BY ROAD (FEES) (AMENDMENT) REGULATIONS 2014

2014 No. 2117

(5) THE PUBLIC SERVICE VEHICLES (OPERATORS' LICENCES) (FEES) (AMENDMENT) REGULATIONS 2014

2014 No. 2118

AND

(6) THE GOODS VEHICLES (LICENSING OF OPERATORS) (FEES) (AMENDMENT) REGULATIONS 2014

2014 No. 2119

- 1.** This Explanatory Memorandum has been prepared by the Department for Transport and is laid before Parliament by Command of Her Majesty.

This Memorandum contains information for the Joint Committee on Statutory Instruments.

2. Purpose of the instruments

2.1 Instrument (1) makes changes to fees charged by the Driver and Vehicle and Standards Agency (DVSA¹) for annual testing of Public Service Vehicles (PSV) – buses and coaches used for hire or reward.

2.2 Instruments (2), (3) and (4) make changes to fees charged by DVSA for annual testing, the issue of reduced pollution certificates and certificates that allow the carriage of dangerous goods in specialised containers for Heavy Goods Vehicles (HGVs – lorries)

2.3 Instruments (5) and (6) make changes to fees charged for HGV and PSV operator licences.

¹ DVSA was formed on 1 April 2014 following the merger of VOSA (Vehicle and Operator Services Agency) with DSA (Driving Standards Agency).

3. Matters of special interest to the Joint Committee on Statutory Instruments

3.1 These changes will come into force on 1 October 2014.

4. Legislative Context

(1) The Motor Vehicles (Tests) (Amendment) Regulations 2014

4.1 These Regulations further amend the Motor Vehicles (Tests) Regulations 1981 (S.I. 1981/1694) and are made to revise some of the statutory fees for annual roadworthiness testing of PSVs.

(2) The Goods Vehicles (Plating and Testing) (Amendment) Regulations 2014

4.2 These Regulations further amend the Goods Vehicles (Plating and Testing) Regulations 1988 (S.I. 1988/1478) and are made to revise some of the statutory fees for annual roadworthiness testing, for determining permitted weights and for determining the acceptability of post-registration alterations to HGVs.

(3) The Road Vehicles (Registration and Licensing) (Amendment) Regulations 2014

4.3 These Regulations further amend the Road Vehicles (Registration and Licensing) Regulations 2002 (S.I. 2002/2742) and are made to revise some of the statutory fees for determining applications for Reduced Pollution Certificates (RPCs) and to clarify some differences in the charging regime between Great Britain and Northern Ireland.

(4) The International Carriage of Dangerous Goods by Road (Fees) (Amendment) Regulations 2014

4.4 These Regulations further amend the International Carriage of Dangerous Goods by Road (Fees) Regulations 1988 (S.I. 1988/370) and are made to revise some of the statutory fees for the inspection of certain vehicles used to carry dangerous goods.

(5) The Public Service Vehicles (Operators' Licences) (Fees) (Amendment) Regulations 2014

4.5 These Regulations further amend the Public Service Vehicles (Operators' Licences) (Fees) Regulations 1995 (S.I. 1995/2909) and are made to revise some of the statutory fees for PSV operator licensing.

(6) The Goods Vehicles (Licensing of Operators) (Fees) (Amendment) Regulations 2014

4.6 These Regulations further amend the Goods Vehicles (Licensing of Operators) (Fees) Regulations 1995 (S.I. 1995/3000) and are made to revise some of the statutory fees for HGV operator licensing.

5. Territorial Extent and Application

5.1 The Road Vehicles (Registration and Licensing) (Amendment) Regulations 2014 (instrument (3)) and the International Carriage of Dangerous Goods by Road (Fees) (Amendment) Regulations 2014 (instrument (4)) extend to the United Kingdom, albeit that instrument (3) contains certain provisions that do not apply in Northern Ireland and the fees set out in instrument (4) are dealt with separately in relation to Northern Ireland.

5.2 The remaining instruments extend to Great Britain.

6. European Convention on Human Rights

6.1 As all the instruments are subject to the negative resolution procedure and do not amend primary legislation, no statement is required.

7. Policy background

• *What is being done and why*

7.1 The Secretary of State, through DVSA, recovers the cost of carrying out certain functions by charging fees. The current round of DVSA fee changes forms the subject-matter of this Explanatory Memorandum. The level of fees is normally reviewed annually. Certain examinations covered by the Road Vehicles (Registration and Licensing) (Amendment) Regulations 2014 (instrument (3)) are supplied in Northern Ireland by the Driver and Vehicle Agency (DVA) which is an agency of Northern Ireland's Department of the Environment. Both agencies operate as a Government Trading Fund.

7.2 Some fees are being adjusted as part of the final implementation of policies previously announced; to meet additional requirements of EU legislation; and to spread the cost of services more fairly across users. The changes being made arise from 2 separate causes which are described below grouped under related instruments. The changes relate to:

- Location differentiation: to reflect more accurately the costs to DVSA of delivering testing and related services either at premises provided by DVSA or at other premises provided at no cost to DVSA; and
- National Register funding: to meet the costs of creating and maintaining a National Register of HGV and PSV operators and their transport managers to comply with EU Regulations².

(1) The Motor Vehicles (Tests) (Amendment) Regulations 2014

7.3 PSVs must be tested by DVSA to ensure that they meet certain minimum roadworthiness requirements after the first year of operation and annually after that.

7.4 The changes to fees made by this instrument aim to ensure that DVSA's costs are fully recovered and that the fees more fairly reflect the cost of different service delivery methods. They are the final step in a series of changes having the combined long-term aim of encouraging tests to be carried out at locations which are more convenient for customers by expanding private sector test facility provision.

7.5 The changes related to location differentiation are intended to be cost and revenue neutral by re-balancing the cost of using DVSA and non-DVSA test facilities but without changing either the overall cost to customers or the revenue to DVSA. They reduce the fees for services delivered at non-DVSA premises and increase the fees for the same services delivered at DVSA premises by transferring a larger proportion of the cost of providing DVSA premises to those using them.

7.6 These fees are subject to an increase to recover costs associated with the interconnection (with other Member States) of the national database register of operators and transport managers of HGVs and PSVs, to comply with EU legislation. The National Register

² Regulation (EC) No 1071/2009 of the European Parliament and of the Council of 21 October 2009 establishing common rules concerning the conditions to be complied with to pursue the occupation of road transport operator and repealing Council Directive 96/26/EC (OJ L300, 14.11.2009, p.51); and Commission Regulation (EU) No 1213/2010 of 16 December 2010 establishing common rules concerning the interconnection of national electronic registers on road transport undertakings (OJ L335, 18.12.10, p.21).

is required as one element of a legislative package on international road transport aimed at creating a more level playing field and reducing distortion of competition for international transport operations across the European Union.

(2) The Goods Vehicles (Plating and Testing) (Amendment) Regulations 2014

(3) The Road Vehicles (Registration and Licensing) (Amendment) Regulations 2014

(4) The International Carriage of Dangerous Goods by Road (Fees) (Amendment) Regulations 2014

7.7 An HGV is either a motor vehicle that has a gross weight of over 3500 kg or a goods trailer with an unladen weight greater than 1020 kg. All such vehicles must be tested by DVSA to ensure that they meet certain minimum roadworthiness requirements after the first year of operation and annually after that.

7.8 The fees prescribed by instrument (2) primarily relate to the annual testing of roadworthiness of vehicles covered by that instrument but also include fees to approve 'notifiable alterations' which affect the permitted gross weight or key safety systems of an HGV.

7.9 The changes to fees made by instruments (2), (3) and (4) aim to ensure that DVSA's costs are fully recovered and that the fees more fairly reflect the cost of different service delivery methods. They are the final step in a series of changes having the combined long-term aim of encouraging tests to be carried out at locations which are more convenient for customers by helping to bring about the expansion of private sector test facility provision.

7.10 The changes related to location differentiation are intended to be cost and revenue neutral by re-balancing the cost of using DVSA and non-DVSA test facilities but without changing either the overall cost to customers or the revenue to DVSA. They reduce the fees for services delivered at non-DVSA premises and increase the fees for the same services delivered at DVSA premises by transferring a larger proportion of the cost of providing DVSA premises to those using them.

7.11 Notifiable Alteration fees were not subject to supplements for tests at non-DVSA facilities but from 1 April 2012 were modified to differentiate between examinations at DVSA and non-DVSA facilities. Since fees are due at the time of notification (i.e. before DVSA knows whether an examination will be necessary) the reconciliation of those fees can be confusing and burdensome. It is therefore proposed to revert to previous practice and to remove the location differentiation from those fees.

7.12 Instrument (3) includes two separate services carried out by DVSA – in relation to examinations required in connection with reduced pollution certificates (RPC) and applications for new registration documents.

7.13 An RPC enables a vehicle to benefit from lower rates of Vehicle Excise Duty if it is constructed or adapted to produce emissions significantly lower than the maximum that was permitted when it was new. Certificates are also used to enable modified vehicles to travel without charge within the London Low Emission Zone.

7.14 Instrument (3) also applies to Northern Ireland. The fees for examinations in relation to RPCs at DVA premises in Northern Ireland are not changing as all tests are conducted at premises operated by the Secretary of State.

7.15 In relation to instrument (4), certain vehicles used to carry dangerous goods require an additional test and certificate over and above the standard HGV roadworthiness examination. The test ensures that vehicles comply with the special construction requirements concerning the international carriage of dangerous goods by road (ADR). The specific requirements vary according to the exact nature of the dangerous goods carried.

7.16 The technical assessment of the ADR application is carried out centrally in DVSA and will not be subject to the location differentiation fee change.

(5) The Public Service Vehicles (Operators' Licences) (Fees) (Amendment) Regulations 2014

(6) The Goods Vehicles (Licensing of Operators) (Fees) (Amendment) Regulations 2014

7.17 HGVs and PSVs are subject to operator licensing to ensure that they meet the prescribed minimum requirements to operate safely within the industry and subsequently maintain that standard, to the satisfaction of the relevant Traffic Commissioner on behalf of the Secretary of State for Transport.

7.18 The fees prescribed by instruments (5) and (6) in relation to such licensing are increased to recover costs associated with the interconnection of the national database register of operators and transport managers of HGVs and PSVs to comply with EU legislation, as already noted in paragraph 7.6 above.

- **Consolidation**

7.19 Plans to consolidate changes which have been made to all the respective principal regulations are in abeyance. Informal consolidations are available from a number of commercially available legal databases.

8. Consultation outcome

8.1 A formal consultation on the proposed changes was conducted between 30 April and 11 June 2013 (6 weeks). Most of the responses were received on-line.

8.2 With the exception of the proposal to simplify fees for HGV notifiable alterations (which was favoured by a significant majority of respondents), opinions on the proposals were fairly evenly divided between those who were either in favour of or against the proposed changes. The views of respondents who did not favour the proposals were divided between some who felt that the location differential changes should be phased over a longer period and others who felt that the differentials should be widened beyond the point justified by DVSA's estimated costs, in order to encourage customers to support non-DVSA facility providers.

8.3 Several respondents expressed concerns at the increases faced by those for whom there was no practical option to use non-DVSA facilities. The Secretary of State considers that these concerns are outweighed by the fact that, despite the removal of the cross-subsidy of DVSA test facilities from users of non-DVSA facilities, the costs of all but one test type, when conducted at a DVSA facility, were still cheaper than the DVSA fee plus typical 'pit fee' applicable for use of a non-DVSA facility.

8.4 Consultees were asked for any information which could be used to improve the accuracy of the Impact Assessment; however respondents were only able to offer generalised thoughts on the effect on their particular business, which often tended to focus on service delivery rather than fee levels.

8.5 Having considered the consultation response, Ministers continue to favour implementing full location differentiation now. However, they do not favour the general

increase which was also consulted upon. Consequently, DVSA will not be applying a general increase to these fees.

8.6 A full report on the consultation was published when the respective instruments implementing the fee changes were made and is attached to this Explanatory Memorandum.

9. Guidance

9.1 Instruments (1) to (6) do not create any new obligations but amend the levels of fees to be paid under existing obligations. To publicise the changes DVSA will:

- issue a press release on the new fees;
- post the new fees on the GOV.UK website;
- use other appropriate media, including direct contacts; and
- inform customers of the correct amount to pay when a fee payment is due.

10. Impact

10.1 The impact on business, charities or voluntary bodies is as follows:

- The location differentiation changes covered by this Explanatory Memorandum are intended to be cost neutral – with the total of increases to some customer groups being balanced by equivalent reductions for others;
- For some customers the cost of fees will be reduced;
- For HGV operators, the overall effect of all these changes will range between reductions of 0.002% to increases of 0.026% of typical operating costs, depending on where the operator chooses to have his vehicle tested, e.g. a reduction of £1.01 p/a or increase of £16.56 for a 7.5 tonne vehicle operator;
- Within the rental and leasing industry, the overall effect of all these changes will range between reductions of over 0.01% and increases of just under 0.09%, depending on the mix of test location choice. This is estimated to represent overall figures ranging from a reduction of £620k to an increase of £3.6m based on an industry turnover of in excess of £4bn; and
- The cost of additional obligations created by EU requirements, as already noted in paragraph 7.6 above, to interconnect the National Register of operators and transport managers with those of other Member States, is met by a small increase (1%) in Operator Licensing fees.

10.2 The impact on the public sector, which run or hires vehicles, is as described in paragraph 10.1

10.3 The following two Impact Assessments will be published alongside this Explanatory Memorandum on www.legislation.gov.uk :

- IA DfT 1445 (3) (Location Differentiation) – applies to instruments (1), (2), (3) and (4); and
- IA DfT 1444 (3) (Interconnection of the National Register) - applies to instruments (1), (5) and (6).

11. Regulating small business

11.1 The legislation applies to small businesses.

11.2 To minimise the impact of the requirements on firms employing up to 20 people, the approach taken is not to differentiate between different categories of customer (i.e. DVSA does not offer discounted rates for bulk test bookings).

11.3 The basis for the final decision on what action to take to assist small business was that DVSA does not change service charges because of the frequency with which businesses are required to use those services.

12. Monitoring & review

12.1 As the fee-review process is normally an annual process, this will be ongoing.

13. Contact

13.1 Andrew Cattell at DVSA Tel: 0117 954 3386 or email:
andrew.cattell@vosa.gsi.gov.uk who can answer any queries regarding the instruments.